

## Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 OMB-01 TRSE-00 MC-02 L-03

PM-04 /028 W

----- 120698

R 151023Z SEP 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 9060

INFO SECDEF WASHDC

USCINCEUR

C O N F I D E N T I A L AMMAN 4780

DISTRIBUTE TO NEA/ARN AND AMBASSADOR PICKERING

E.O. 11652: GDS

TAGS: MASS, JO US

SUBJECT: HAWK MISSILE--U.S. CONTRACTOR EXEMPTIONS

REF: (A) 75 AMMAN 8659, (B) STATE 038235

1. EMBASSY HAS DISCUSSED GENERAL OUTLINES OF RAYTHEON CONTRACTOR PLANS FOR JORDAN AIR DEFENSE PROGRAM WITH BOB DRAKE, WHO IS CURRENTLY IN AMMAN PURSUING PRE-LIMINARY RAYTHEON AIR DEFENSE PLANNING ARRANGEMENTS. RAYTHEON IS PROCEEDING ALONG SAME GENERAL COURSE IN ADMINISTRATIVE AND CONTRACTUAL ARRANGEMENTS AS WERE BEING PURSUED LAST YEAR.

2. EMBASSY QUERIED DRAKE SPECIFICALLY ON RAYTHEON PLANS WITH REGARD TO RAYTHEON'S SEEKING EXEMPTION FROM JORDANIAN TAXES. DRAKE SAID RAYTHEON IS ASSUMING THAT THEY WILL BE EXEMPTED BY GOJ FROM ALL TAXES ON BOTH COMPANY AND PERSONNEL. HE SAID THAT THIS HAS BEEN THE CASE IN ALL OTHER RAYTHEON OVERSEAS HAWK CONTRACTS AND THAT HE BELIEVES JAF WOULD UNDOUBTEDLY NOT WISH TO TRANSFER PORTION OF LIMITED AIR DEFENSE FUNDS IN FORM OF TAXES TO GOJ.

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3. WE INFORMED DRAKE THAT WE HAD SIMILAR IMPRESSION

THAT JAF WOULD PROBABLY SUPPORT THEIR EXEMPTION CLAIM WITH GOJ. WE INDICATED WE HAD NOT YET DISCUSSED TAX EXEMPTION QUESTION WITH GOJ ON CIVILIAN LEVEL BUT THAT WE THOUGHT AMBASSADOR PICKERING WOULD BE INCLINED TO SUPPORT TAX EXEMPTION STATUS FOR RAYTHEON PRECISELY ON SAME GROUNDS AS MENTIONED IN PARA 2 ABOVE.

4. QUESTION NOW ARISES AS TO WHETHER WE

1) CONFINE OUR EFFORTS TO DIPLOMATIC SUPPORT FOR RAYTHEON TAX-EXEMPT STATUS, OR 2) ALSO PROCEED WITH EARLIER PLANS (REFTELS) TO NEGOTIATE FORMAL US-GOJ AGREEMENT AIMED AT PROVIDING TAX EXEMPTION FOR U.S. CONTRACTORS FOR ALL FUTURE DOD PROJECTS IN JORDAN.

5. AMBASSADOR PICKERING WAS STILL INCLINED, PRIOR TO HOME LEAVE, TO PURSUE FORMAL US-GOJ NEGOTIATIONS FOR EXEMPTION FOR ALL U.S. DOD CONTRACTORS AND WE SEE NOTHING IN SUBSEQUENT DEVELOPMENTS THAT WOULD CHANGE THIS SITUATION. WE HAVE NOT INFORMED RAYTHEON WE MAY WISH TO NEGOTIATE BROADER FORMAL AGREEMENT. SINCE RAYTHEON WILL BE DISCUSSING QUESTION WITH JAF, WE BELIEVE IT WOULD BE PRUDENT TO START OUR OWN NEGOTIATIONS WITH GOJ AS SOON AS POSSIBLE IF AMBASSADOR STILL WISHES TO PURSUE THAT COURSE, AND THAT WE INFORM RAYTHEON WE ARE DOING SO. WE ASSUME HOWEVER THAT 1) WE WOULD STILL SUPPORT TAX-EXEMPT STATUS FOR RAYTHEON, EVEN IF WE SHOULD NOT BE ABLE TO OBTAIN GOJ ASSENT TO FORMAL US-GOJ AGREEMENT EXEMPTING ALL FUTURE DOD CONTRACTORS, AND 2) PER PARA 4 REFTTEL A, THAT THIS EXERCISE WOULD NOT PREVENT RAYTHEON FROM NEGOTIATING CONCURRENT SEPARATE EXEMPTION AGREEMENT WITH JAF THAT GOES BEYOND EXEMPTIONS IN PARA 8 TIAS 3870, WHICH IS BASIS FOR PROPOSED US-GOJ AGREEMENT.

6. ACTION REQUESTED: WE REQUEST THAT DEPARTMENT CONTACT AMBASSADOR PICKERING TO CONFIRM THAT HE STILL WISHES NEGOTIATE FORMAL US-GOJ AGREEMENT. IF SO, WE REQUEST DEPARTMENT THEN OBTAIN CIRCULAR 175 NEGOTIATING CONFIDENTIAL

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AUTHORITY SO THAT EMBASSY CAN START NEGOTIATIONS IMMEDIATELY AFTER AMBASSADOR'S SCHEDULED SEPTEMBER 29 RETURN TO JORDAN.  
SUDDARTH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIR DEFENSE, MILITARY SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 AMMAN 8659, 76 STATE 38235  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 JUN 2004 by BoyleJA>; APPROVED <12 OCT 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** HAWK MISSILE--U.S. CONTRACTOR EXEMPTIONS  
**TAGS:** MASS, JO, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006